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**U.S. GOVERNMENT AND EUROPEAN COMMISSION REACH AGREEMENT TO
RESOLVE LONG-STANDING BANANA DISPUTE**

The U.S. Government and the European Commission today reached an agreement to resolve their long-standing dispute over bananas.

The new regime will provide a transition to a tariff-only system by 2006. During the transition, bananas will be imported into the European Union through import licenses distributed on the basis of past trade.

In the past, two European Union banana regimes were challenged successfully in the World Trade Organization, prompting U.S. retaliation against EU products. From July 1, 2001, the United States will suspend the sanctions imposed against EU imports since 1999.

Welcoming the agreement, European Commissioner for Trade Pascal Lamy, European Commissioner for Agriculture Franz Fischler, U.S. Trade Representative Robert B. Zoellick, and U.S. Secretary of Commerce Don Evans stated:

“Today’s step marks a significant breakthrough. It demonstrates the commitment of the Bush Administration and the European Commission to work together closely and effectively on trade issues. The banana disputes of the past nine years have been disruptive for all the parties involved – traders, Latin American, African, and Caribbean producers, and consumers. We are confident that today’s agreement will end the past friction and move us toward a better basis for the banana trade.”

Both parties recognized that they had shared objectives: to reach agreement on a WTO-compliant

system, to ensure fair and satisfactory access to the European market for bananas from all origins and all operators, and to protect the vulnerable African Caribbean Pacific (ACP) producers. Most important, both parties agreed the time had come to end a dispute which had led to prolonged conflict in the world trading system.

The new system is scheduled to take effect on July 1, 2001. The European Union will institute a system of licensing, based on historic reference periods from July 1, 2001. The European Commission will also initiate the necessary procedures to propose to the Council of Ministers an adjustment of the quantities in the various quotas, in order to expand access for Latin American bananas and to secure a marketshare for a specific quantity of bananas of ACP origin. The United States has pledged to work actively to secure acceptance of the EU's request for the necessary WTO authorization. Once these steps have been completed, the sanctions will be definitively lifted.

A tariff-only system is scheduled to take effect on January 1, 2006. The European Union will begin negotiations necessary under WTO rules in time to introduce the tariff-only system from January 1, 2006.

The European Commission will now table the necessary proposals to the Council of Ministers and the European Parliament in order to fully implement the agreement as soon as possible.